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Message Text

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11
ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SS-20 PA-04 PRS-01 USIA-15 H-03

CIAE-00 EB-11 INR-10 LAB-06 NSAE-00 RSC-01 SPC-03

STR-08 TRSE-00 CIEP-02 OMB-01 DRC-01 /132 W
---------- 088721
R 091353Z NOV 73
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 0451
DEPT OF AGRICULTURE
USDOC WASHDC
INFO AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY VIENNA
AMEMBASSY WARSAW

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C O R R E C T E D C O P Y FOR CLASSIFICATION

DEPT PSE PASS DEPT OF AGRICULTURE FOR ACTION

E.O. 11652: N/A
TAGS: EAGR, ETRD, OVIP, HU
SUBJECT: AMBASSADOR'S CALL ON AGRICULTURE MINISTER DIMENY

VIENNA FOR EAST-WEST TRADE CENTER

1. BEGIN SUMMARY. DURING 75- MINUTE COURTESY CALL ON AGRICULTURE MINISTER DIMENY, AMBASSADOR HAD OPPORTUNITY TO DISCUSS PRESENT STATE OUR BILATERAL RELATIONS IN AGRICULTURE. DOMENY EXPRESSED DEEP SATISFACTION WITH FAVORABLE TRENDS OF RECENT YEARS, SINGLING OUT AMERICAN-DEVISED CLOSED PRODUCTION SYSTEMS FOR SPECIAL PRAISE, AND VOICED WISH THAT THIS WAS ONLY BEGINNING OF BROADER
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RELATIONSHIP IN FUTURE. THE MINISTER CHARACTERIZED

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THIS YEAR'S HARVEST AS EXCELLENT, PARTICULARLY FOR WHEAT AND CORN WHERE THE CROPS WERE SIGNIFICANTLY LARGE THAN LAST YEAR AND LARGE DOLLAR SALES ABROAD WERE EXPECTED. REGARDING MEAT PRODUCTION, A COMPLETE RECOVERY FROM LAST YEAR'S HOOF AND MOUTH EPIDEMIC WAS FORSEEN BY MID-1974 AND CURRENT PIG POPULATION WAS HIGHEST EVER. DIMENY REPEATED HIS INVITATION TO SECRETARY BUTZ TO VISIT HUNGARY AND SAID HE UNDERSTOOD SECRETARY WOULD BE ABLE TO MAKE VISIT IN SPRING 1974. END SUMMARY.

2. IN OPENING MEETING AMBASSADOR NOTED GREAT IMPORTANCE OF AGRICULTURE TO AMERICAN-HUNGARY COMMERCIAL RELATIONS, POINTING OUT THAT THE PREPONDERANCE OF OUR TRADE IS IN AGRICULTURAL COMMODITIES AND FARM MACHINERY. MINISTER DIMENY REPLIED THAT HE WAS PLEASED WITH FAVORABLE TRANDS IN OUR RELATIONS IN AGRICULTURAL AREA DURING PAST SEVERAL YEARS, GIVING SPECIAL MENTION TO SUBSTANTIAL SALES OF US SOYBEAN PRODUCTS, US DELIVERIES OF LIVE CATTLE FOR BREEDING PURPOSES, THE DEVELOPMENT (WITH CONSIDERABLE US ASSISTANCE) OF CLOSED PRODUCTION SYSTEMS FOR CORN AND TOMATOES, AND HUNGARIAN SALES OF PROCESSED MEATS AND WINE TO US. HE HOPED THAT THIS WAS ONLY A BEGINNING AND LOOKED FORWARD TO CONSIDERABLE FURTHER EXPANISON OF OUR AGRICULTURAL RELATIONS IN YEARS TO COME. PARTICULARLY HE HOPED FOR A SIGNIFICANT GROWTH IN SIZE OF CLOSED PRODUCTION SYSTEM FOR RAISING CORN ABOVE PRESENT 225,000 HECTARE LEVEL, AND TOOK PAINS TO MAKE IT CLEAR THAT HE AND HIS MINISTRY HAVE LONG GIVEN STRONG SUPPORT TO BOTH THE CLOSED PRODUCTION SYSTEM AND THE USE OF AMERICAN TECHNOLOGY AND FARM MACHINERY IN IMPLE-MENTING SYSTEM. IN ADDITION DIMENY SAID THAT SERIOUS DISCUSSIONS UNDER WAY WITH AMERICAN FIRMS (CARGILL) FOR ESTABLISHMENT OF CORN PROCESSING PLANT IN HUNGARY AND HOPED THAT AGREEMENT COULD BE REACHED IN NOT TOO DISTANT FUTURE.

3. DIMENY THEN MENTIONED MINISTRY'S INVITATION TO VISIT HUNGARY WHICH HE EXTENDED TO SECRETARY BUTZ LATE LAST YEAR. HE SAID THAT HE HAD HOPED ORIGINALLY THAT SECRETARY WOULD BE ABLE TO COME TO HUNGARY FOLLOWING RECENT ROME FAO MEETING. SAID SECRETRY BUTZ HAD MORE RECENTLY NOTIFIED LIMITED OFFICIAL USE

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HIM HE WAS UNABLE TO MAKE VISIT THIS FALL BUT DIMENY UNDER-STOOD SECRETARY INTENDED TO COME IN SPRING OF 1974, PROBABLY IN APRIL.

4. DIMENY THEN TURNED BRIEFLY TO MFN ISSUE, SAYING THAT HE APPRECIATED ADMINISTRATION'S EFFORTS TO OBTAIN MFN FOR HUNGARY AND FULLY UNDERSTOOD TACTICAL REASONS BEHIND RECENT REQUEST THAT CONGRESS NOT TAKE UP MFN QUESTION AT THIS TIME.

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ON OTHER HAND HE HOPED THAT NECESSARY CONGRESSIONAL ACTION
TO REMOVE PRESENT DISCRIMINATION AGAINST HUNGARY WOULD NOT
BE DELAYED FOR TOO LONG.

5. REFERRING TO US FARM MACHINERY SOLD IN HUNGARY BY
JOHN DEERE, INTERNATIONAL HARVESTER, FOOD MACHINERY CORP
AND OTHERS, DIMENY COMMENTED THAT HE WAS MOST IMPRESSED
WITH PERFORMANCE OF THIS EQUIPMENT. OF PARTICULAR INTEREST
WERE 300 HORSEPOWER TRACTORS MANUFACTURED BY STEIGER CO.
WHICH RECENTLY DEMONSTRATED FOR HIM AND OTHER HIGH GOVERN-
MENT OFFICIALS AT BABOLNA STATE FARM. WE WANT NOTHING
BUT VERY BEST AND LATEST TECHNOLOGY IN AGRICULTURAL AREA,
HE CONTINUED, AND VOICED HOPE THAT IT WOULD BE POSSIBLE TO
SIGN COOPERATION AGREEMENT WITHINNEXT YEAR OR TWO FOR
ASSEMBLY AND EVENTUALLY PARTIAL MANUFACTURE IN HUNGARY OF
FARM EQUIPMENT FOR US COMPANIES. REFERRING TO CLOSE
RELATIONSHIP MANY US FIRMS HAVE WITH BABOLNA, DMENY
STATED "YOU ARE WISE TO ENCOURAGE SUCH CLOSE CONNECTIONS
AS BABOLNA, A SHOWPLACE NOT ONLY FOR HUNGARY BUT ENTIRE
EE AREA AS WELL. IF WESTERN COMPANY'S PRODUCTS OR PROCESSES
EMPLYED AT BABOLAN, THAT FIRM WILL RECEIVE INVALUABLE FREE
PUBLICITY". HE LEFT NO DOUBT THAT BABOLAN PRESENTLY
MINISTRY'S FAVORITE SHOWPLACE.

6. ANSWERING AMBASSADOR'S QUESTION CONCERNING PROSPECTS FOR
1973 HARVEST, MINISTER CHARACTERIZED RESULTS AS VERY GOOD,
PARTICULARLY FOR WHEAT AND CORN WHERE THERE WOULD BE
SIZEABLE SURPLUSES FOR EXPORT. WHEAT HARVEST WILL BE ABOUT
10 PERCENT LARGER THAN LAST YEAR AND SIGNIFICANT INCREASE IN CORN
HARVEST, WHICH NOT YET COMPLETED, IS ALSO EXPECTED.
(OFFICIAL STATISTICS SHOW THIS YEAR'S WHEAT CROP TO
BE 4,495,000 TONS WHICH IS 400,000 TONS OR 9.9 PERCENT HIGHER
THAN IN 1972 AND CORN YIELDS ARE EXPECTED TO BE BETWEEN
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40-41 QUINTALS PER HECTARE IN COMPARISON TO 39.7
LAST YEAR). DIMENY NOTED THAT HUNGARY WILL BE
BENEFICIARY OF US'S SMALLER THAN EXPECTED CORN AND
WHEAT HARVEST OFFERING OPPORTUNITY TO SELL SURPLUS GRAINS
AT HIGH MARKET PRICES.

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CIAE-00 EB-11 INR-10 LAB-06 NSAE-00 RSC-01 SPC-03

STR-08 TRSE-00 CIEP-02 OMB-01 DRC-01 /132 W
---------- 088679
R 091353Z NOV 73
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 0452
DEPT OF AGRICULTURE
USDOC WASHDC
INFO AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY VIENNA
AMEMBASSY WARSAW

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C O R R E C T E D C O P Y FOR CLASSIFICATION

7. MINISTER ACKNOWLEDGED THAT LAST YEAR'S EPIDEMIC OF HOOF AND MOUTH DISEASE HAD DONE SEVERE DAMAGE TO HUNGARY'S MEAT EXPORTS AND CAUSED THEM TO SLAUGHTER LARGE PERCENTAGE OF THEIR PIGS. (VILLAGGAZDASAG--PRINCIPAL HUNGARIAN ECONOMIC NEWSPAPER--RECENTLY REPORTED THAT EXPORT OF FRESH AND CHILLED PORK HAD "FOR ALL PRACTICAL PURPOSES CEASED" DURING FIRST 9 MONTHS OF 1973.) HOWEVER, RAPID PROGRESS HAD BEEN MADE IN RECOVERING FROM EFFECTS OF DISEASE--FAR MORE RAPID THAN IN ROMANIA OR YUGOSLAVIA. AS A RESULT HUNGARY NOW HAD ITS LARGEST PIG INVENTORY IN HISTORY AND BY MID-1974 IT WAS EXPECTED THAT PORT EXPORTS WOULD BE BACK AT PRE-EPIDEMIC LEVELS.

8. ON QUESTION OF HUNGARY'S FUTURE AGRICULTURE TRADE WITH EC, DIMENY WAS OPTIMISTIC. THE EC'S AGRICULTURAL POLICY HAD SHARPLY CURTAILED HUNGARY'S EXPORT POSSIBILITIES AND
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IN 1969 HAD CAUSED PARTICULARLY SERIOUS DAMAGE. HOWEVER, LONG TERM OUTLOOK BRIGHT AS RISING DEMAND FOR MEAT WITHIN EC WOULD CAUSE WE TO INCREASE IMPORTS. HUNGARY IN EXCELLENT POSITION TO RESPOND TO THEIR DEMAND. GOOD QUALITY OF

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ITS MEAT, HIGH VETERINARY STANDARDS AND GEOGRAPHIC PROXIMITY GAVE HUNGARY CONSIDERABLE ADVANTAGE OVER BIG OVERSEAS MEAT PRODUCERS SUCH AS ARGENTINA. FOR ONCE IN OUR HISTORY, DIMENY SAID, GRINNING, HUNGARY FINDS ITS GEOGRAPHIC POSITION ADVANTAGEOUS.

9. COMMENT: DIMENY IS A PLEASNAT MAN WHO APPEARS TO BE MOST IMPRESSED WITH AMERICAN AGRICULTURE AND HAS NO DOUBT BEEN A LEADING SUPPORTER OF INTENSIFICATION OF RELATIONSHIPS WITH US IN AGRICULTURAL SPHERE. AMBASSADOR WAS PARTICULARLY STRUCK BY DIMENY'S STRONG ENDORSEMENT OF CLOSED PRODUCTION SYSTEM SCHEMES AND THE ACTIVITIES OF CORN PRODUCTION SYSTEMS IN PARTICULAR. (IN THIS CONNECTION, NOVEMBER 7 EDITION MAGYAR HIRLAP REPORTS THAT CLOSED PRODUCTION SYSTEM FOR CORN WILL BE EXTENDED TO 450,000 HECTARES FROM PRESENT LEVEL OF 250,000). DIMENY DOES NOT SPEAK ENGLISH ALTHOUGH HE APPEARS TO UNDERSTAND A LITTLE. PEDERSEN

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